

FILED
UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS
CLERKS OFFICE

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PHILIP L. TROPEANO, PETER TROPEANO and CAROLYN PATTON,)	U.S. DISTRICT COURT DISTRICT OF MASS.
Plaintiffs,)	
v.)	
)	DOCKET NO.
)	03-CV-12231-RGS
CHARLENE DORMAN, BIANCA DORMAN, LYDIA DORMAN, AND TODD DORMAN, INDIVIDUALLY AND AS THEY ARE TRUSTEES OF THE T&N REALTY TRUST AND PARTNERS OF THE CAPTAIN PARKER ARMS PARTNERSHIP,)	
Defendants.)	

AFFIDAVIT OF PETER TROPEANO

I, Peter Tropeano, being duly sworn, do hereby depose and say as follows:

1. My name is Peter Tropeano. I am a resident of Lexington, Middlesex County, Massachusetts. Unless otherwise stated, I make the following statements from my own personal knowledge.
2. On behalf of the plaintiffs in this matter, I did engage Eric Reenstierna Associates (“Reenstierna Associates”) to perform an appraisal of the real property located at 125 Worthen Road, Lexington, Massachusetts, the Captain Parker Arms apartment complex (the “Property”). Pursuant to that engagement, Reenstierna Associates estimated the market value of the Fee Simple Estate in the property, “as is,” as of July 21, 2003. A true and accurate copy of the written appraisal provided by Reenstierna Associates is attached hereto as Exhibit A.

ERIC REENSTIerna ASSOCIATES

Real Estate Appraisers and Consultants

24 Thorndike Street, Cambridge, MA 02141

617 577-0096

August 5, 2003

Mr. Peter Tropeano
19 Revere Street
Lexington, MA 02420

Dear Mr. Tropeano,

In accordance with your request, we have made an analysis of the property located at 125 Worthen Road, Lexington, Massachusetts, the Captain Parker Arms apartment complex, for the purpose of estimating the Market Value of the Fee Simple Estate in the property, "as is," as of July 21, 2003.

Courts and appraisal organizations make use of different definitions of "Market Value" or "Fair Market Value." All refer to a hypothetical sale in which the seller offers property in a competitive market and accepts the highest price offer made. That price, as estimated by the appraisers, is the most probable selling price and the Market Value. An exchange of property for cash to the seller is typically presumed, unless other terms are standard in the market and are available for the subject property. If seller financing, an assumable mortgage, tax credits, or other such terms are taken into account, they are made explicit in this report.

The definition of Market Value applied here follows.

Market Value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) buyer and seller are typically motivated;
- (2) both parties are well informed or well advised, and acting in what they consider their own best interest;
- (3) a reasonable time is allowed for exposure in the open market;
- (4) payment is made in terms of U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Source: Rules and Regulations, Federal Register, Vol. 55, No. 165, Page 34696)

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A *Fee Simple Estate* is absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

(Source: *The Appraisal of Real Estate*, Twelfth Edition, The Appraisal Institute, Chicago, 2001, p. 68)

The subject property is a 94 unit apartment complex located about 1/2 mile south of Lexington Center, at the southeast corner of Worthen Road and Waltham Street. The complex sits on 8.98 acres of land, which is more or less level. It has long frontage on Waltham Street and Worthen Road. There is an access road that begins and ends on Worthen Road with asphalt berms and paved sidewalks. There are several parking lots on the property with a total of about 157 parking spaces according to plans. The land is attractively landscaped with trees, shrubs, a well-kept lawn, and flower beds.

The complex has eleven garden style apartment buildings with a mix of one-, two- and three-bedroom units (30 one-bedroom units, 6 one-bedroom end units, 38 two-bedroom one-bath units, 12 two-bedroom two bath units, and 8 three-bedroom two bath units). The complex was constructed about 1965. The buildings are two- and three-stories with brick exterior walls, wood framing, concrete foundations, and hip style and gable style roofs with asphalt shingles. There are some building mounted security lights. The buildings have gutters and metal down spouts. Reportedly the roofs are less than ten years old. The buildings are accessed by way of asphalt walkways to concrete steps finished with bricks and metal railings. The front entry doors are wood with glass lights on either side of the doorway. The door leads to a small vestibule with mailboxes for the units and access to the intercom. There is a second secure door that leads into the building to a stairway and central, carpeted, corridor. There is a second stairway at the rear of the building. Units are accessed by way of the corridor. The living units each have two doors to the central corridor, typically one from the living room and another from the kitchen. The units are typically finished with wood parquet floors (some have recently been replaced with carpeting and some basement units have Pergo flooring), painted drywall walls and ceilings, painted wood trim, natural finish, hollow core wood doors, and several closets. The kitchens have vinyl flooring, formica counter tops with ceramic tile back splashes, Vermont maple formica cabinets, dishwashers, disposals, a refrigerator, and four burner electric stoves. Reportedly all appliances have been replaced within the past three years. Bathrooms typically have ceramic tile floors, painted drywall walls, a vanity sink, a toilet, and a tub with a shower. In units with two bathrooms the second bathroom is off the master bedroom and has a shower stall instead of a tub. Heat is provided by gas fueled forced hot water supplied by four main boilers (one to six years old) for the entire complex. Cooling is provided by central units reportedly two to three years old. The buildings each have a common laundry area in the basement. The buildings also have one to three storage units each, some of which may have potential for conversion to additional residential units. There are newer thermopane windows

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throughout the complex. Each unit has a separate electric meter. Each unit has 60 ampere electric service. There are smoke detectors throughout the complex.

The subject property is located in a residential neighborhood, about 1/2 mile south of Lexington Center. It is located on the southeast corner of Worthen Road and Waltham Street. Waltham Street is a heavily traveled two-way paved street, which runs from Lexington Center to the north to Waltham, where it becomes Lexington Street, to the south. Worthen Road is a two-way paved street that carries light local traffic in the vicinity of the subject property. It runs from Bedford Street to the northwest to Sherburne Road just east of the subject property. There is a set of traffic signals at the intersection of the two streets. The neighborhood is improved with two-story, wood-frame, single family houses of varying ages (mostly from the 1960s and 1970s). Lexington High School and its associated recreational facilities are located at the northwest corner of the intersection of Waltham Street and Worthen Road, diagonally across from the subject property. Both streets have overhead electric and telephone service and underground water, sewer, and gas. Abutters to the subject property include single family houses.

The valuation that is presented here is of the real estate only. Furnishings, fixtures, and equipment are not part of the real estate. Stoves and refrigerators are part of the real estate.

The assessment for Fiscal 2003 is \$8,262,000. The tax is \$90,468.90. The assessment is low in comparison with the value of the property as estimated in this report.

The property is in Flood Plain Zone C of FEMA Map #250198 0005 C. Zone C is outside the 100- and 500-year flood zones.

The zoning is RM. The highest and best use of the subject site as if vacant is for residential development. The highest and best use of the subject property as improved is as the site of the existing improvements, to be used as apartments or residential condominiums.

One useful method of valuation is the Sales Comparison Approach to Value. The Income Capitalization Approach is useful in this case as well because apartments are typically purchased to produce an income stream from rents. The Cost Approach is not applied because it does not test the subject property in the competitive market. The Condominium Conversion Approach is useful and is applied.

Sales Comparison Approach – To estimate the value of the subject property through the Sales Comparison Approach, we have made an extensive survey of sales of properties in the subject's competitive market and have compared these to the subject

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property on the basis of the most common unit of measure, in this case, the price per apartment unit. The following sales are judged most useful for comparison.

136-140 Lyman Street, Waltham, July of 2002, \$85,400,000 - This is the sale of a large apartment complex located in Waltham, about 1/2 mile north of downtown Waltham. The complex, known as Gardencrest Apartments, contains 696 garden style units in 64 buildings that were constructed between the late 1940s and early 1970s. Meredith & Grew brokered the sale. The price per dwelling unit is \$122,701.

249 Main Street, Watertown, May of 2002, \$36,530,000 - This is the sale of Whitney on Main Apartments in the Watertown Square section of Watertown. The complex sits on a 4.23 acre parcel of land and has studio, one-bedroom, and two-bedroom units in brick, mid-rise buildings constructed in the mid 1960s. Units have parquet floors, raised panel cabinets, ceramic tile baths, private balconies, and walk-in closets. There are a total of 268 units. Rents in the complex include heat and hot water. There are a fitness center, reserved parking, and an outdoor pool. The price per dwelling unit is \$136,305.

2 Elmwood Avenue, Winchester, November of 2002, \$3,800,000 - This is the sale of a 27 unit apartment building located in the downtown area of Winchester. The building is situated on a 19,518 square foot, L-shaped, parcel of land with frontage on Elmwood Avenue, Park Street, and Vine Street. The building has six floors, a steel frame, brick exterior walls, and 19,598 square feet of living area. The building was constructed in 1927. The building is known as Stetson Hall. The price per dwelling unit is \$146,175.

122 Main Street, Stoneham, June of 2002, \$2,430,000 - This is the sale of a 17 unit apartment building that was constructed in 1974. The building is located on the north side of Main Street, west of downtown Stoneham. The building is four-stories, with a steel frame, a concrete foundation, and brick exterior walls. Interior finishes include painted drywall walls and carpeted floors. The building has a flat roof. The building sits on 23,000 square feet of land and contains 13,769 square feet of living area. The price per dwelling unit is \$142,941.

39 Bridge Street, Watertown, September of 2002, \$2,200,000 - This is the sale of a garden style apartment building located in a mixed residential and commercial/industrial neighborhood in the southern part of Watertown. The building is located on a four sided more or less level lot about midway between Pleasant Street and Waltham Street. The building was constructed in 1960 with a concrete foundation, a steel frame, brick exterior walls, and a flat roof. The building contains 12,636 square feet and 16 units. There is one parking space per unit. The price per dwelling unit is \$137,500.

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To derive a value indication for the subject property from each of these sales, it is necessary to consider differences between the property sold and the subject property. Where the subject property is superior or inferior to one of the sales in terms of an important characteristic (location, quality and condition, average unit size, parking), it is necessary to make an adjustment to the price per square foot for that property to reflect the subject property's superiority or inferiority. Each of the sales is adjusted for factors of this kind, to obtain an indication of value. The conclusion from the Sales Comparison Approach is the single value that takes best account of the adjusted indicators from the sales.

The sales indicate a value for the subject property at the rate of \$181,465 per living unit. The indication of value through the Sales Comparison Approach is \$17,060,000, as follows:

$$94 \text{ living units} \times \$181,465 \text{ per living unit} = \$17,057,667 \\ \text{rounded to } \$17,060,000$$

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Re: *125 Worthen Road*
*Lexington, Massachusetts*ADJUSTMENT CHART
125 Worthen Road, Lexington, Massachusetts

SUBJECT	SALE #1 136-140 Lyman St Waltham \$122,701	SALE #2 249 Main St Watertown \$136,305	SALE #3 2 Elmwood Ave Winchester \$146,175	SALE #4 122 Main St Stoneham \$142,941	SALE #5 39 Bridge St Watertown \$137,500
Sale Price/Unit					
Date of Sale	Jul-03	Jul-02	13%	May-02	15%
Sale Terms	standard	standard	0%	standard	0%
Financing	standard	standard	0%	standard	0%
Property Rights	fee simple	fee simple	0%	fee simple	0%
adjustment		13%	15%	9%	13%
Price, Adjusted for Terms	\$138,232	\$156,291	\$158,622	\$161,316	\$151,921
Location	good	0%	avg-good	7%	good
Building Quality	avg-good	7%	avg-good	7%	good
Avg. Unit Size (S.F.) 1,165	900	11%	1,132	1%	725
Parking	1 spaces/unit	1 space/unit	0%	1 space/unit	0%
adjustment		18%	15%	19%	15%
Price, Fully Adjusted	\$163,630	\$180,386	\$188,576	\$185,894	\$187,006
Weight (0 = least; 10 = most)	6	9	8	6	6
Weighted value for subject:	\$181,465				
		x	94	units = \$17,057,667	
			rounded to	\$17,060,000	

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Income Capitalization Approach – In the Income Capitalization Approach using Direct Capitalization, expenses of property operation are deducted from the gross annual income to obtain the net income, which is capitalized at the rate of return that the market indicates investors in properties of this type expect.

Rents at the subject property are comparable to other apartment complexes in the Lexington area after rents in complexes offering free rent and other inducements are adjusted for those factors. Some rental offering from nearby complexes are listed below:

Complex	Bedrooms	Unit Size	Asking Rent
Charlesbank Garden Apartments Waltham, 200 units	1 2	650 950	\$1,175 \$1,500
Avalon at Lexington Lexington, 198 units	1 2 3	853-1,045 920-1,350 1,298	\$1,750-\$1950 \$1,850-\$2,250 \$2,240
Katahdin Woods Lexington, 128 units	1 2 3	750 920-1,100 1,500	\$1,495 \$1,875-\$1,925 \$2,695
Parkway-Mystic Apartments Arlington, 48 units	1 2	778 1,036	\$1,210 \$1,468
Northgate Apartments Waltham, 207 units	1 2	648 910	\$1,300 \$1,550
Stonehill Towers Stoneham, 205 units	1 2	797 1,090	\$1,185 \$1,528

Expenses for real estate taxes, insurance, and utilities are taken at their reported rates. Expenses for repairs and maintenance and administration are based on rates reported by The Institute of Real Estate Management's *Conventional Apartments Income/Expense Analysis*. Management is taken at 4.8% of collections, consistent with the rate reported by IREM.

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Capitalization Rate - The capitalization rate is the relationship between the price of an investment property and its first-year net income. A capitalization rate is typically applied to a stabilized net income rather than to the net income that is produced in a year of abnormally high or low income. The capitalization rate takes account of an investor's requirement for long-term return, the likely financing (if any), and the expectation of appreciation or depreciation.

The different sectors of the real estate market (office, industrial, retail, and apartment) support different capitalization rates. Institutional-grade properties support lower rates than properties of lower quality. However, good-quality, small properties also support low capitalization rates in acquisitions by local rather than large institutional investors. The *Korpacz Real Estate Investor Survey* reports capitalization rates for the major investment sectors nationwide. Korpacz reports for institutional-grade investments and lower-quality, non-institutional-grade investments. In recent quarters, rates have declined substantially for all sectors. The rates for Q2 2003 are as follows:

	institutional	non-institutional
strip shopping center	9.58%	11.17%
central business district office	9.40%	11.63%
suburban office	9.96%	11.79%
industrial (warehouse)	8.84%	10.00%
apartment	8.14%	9.51%

Local data show a steeper decline in capitalization rates for certain property types than do the national survey data. Apartment buildings in particular have experienced low capitalization rates, as a result of acquisitions for condominium conversion, low interest rates for mortgages, and an influx of investors seeking an alternative to the stock market. Capitalization rates as low as 5% are indicated in recent transactions involving Boston-area apartments. Buildings with stable lease histories, strong tenants, and prime locations experience low capitalization rates, as well. These immediate declines appear not to be fully reflected in the national survey data.

A capitalization rate of 7.5% is consistent with the range of local and national indicators and is applied here.

The indication of value for the subject property through the Income Capitalization Approach is \$12,850,000, as follows.

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Re: *125 Worthen Road
Lexington, Massachusetts*Income Capitalization Approach
Direct Capitalization

Rent –	30 units x \$1,200 per month x 12 months	\$432,000.
	6 units x \$1,250 per month x 12 months	90,000.
	38 units x \$1,450 per month x 12 months	661,200.
	12 units x \$1,550 per month x 12 months	223,200.
	8 units x \$2,200 per month x 12 months	<u>211,200.</u>
Potential Gross Income		\$1,617,600.
Vacancy (6%) –		<u>-\$97,056.</u>
Effective Gross Income -		\$1,520,544
Expenses –		
real estate tax:	\$90,469.	
insurance:	19,462.	
utilities:	146,737.	
repairs and maintenance:	139,108.	
management (4.8%):	72,986.	
administration:	56,958.	
replacement reserve:	29,644.	
misc. legal:	<u>1,500.</u>	
	\$556,864.	<u>- \$556,864.</u>
Net Income –		\$963,680.
Capitalization Rate –		<u>17.5%</u>
Market Value –		\$12,849,070.
rounded to		\$12,850,000.

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Condominium Conversion Approach – A third method to consider is the Condominium Conversion Approach. In the Condominium Conversion Approach, the cost of upgrade and conversion, including marketing costs and a profit factor, is deducted from gross sellout to obtain the indication of value “as is.” In the case of the subject property, because the number of units is relatively large and sellout will likely not be accomplished over a short period, the analysis is presented as a discounted cash flow, with income from future sales discounted to a present worth.

According to *Banker and Tradesman* there have been sales of about 89 condominium units in Lexington since the start of January, 2002. Emerson Gardens, a development similar to the subject property in terms of size, date of construction, and unit size (although many of the units at Emerson Gardens are townhouse style) had over 12 sales. The sales ranged in price from a low of about \$278 per square foot of unit area up to almost \$347 per square foot of building area. Most of the sales were around \$310 per square foot. The average unit area in the subject property is a little over 1,000 square feet, indicating an average unit price for units at the subject property of \$310,000.

The indication of value for the subject property through the Condominium Conversion Approach is \$18,800,000, as follows.

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Reconciliation – The indications of value are \$17,060,000 from the Sales Comparison Approach, \$12,850,000 from the Income Capitalization Approach, and \$18,800,000 from the Condominium Conversion Approach. In the choice of a final value estimate, more weight is accorded the indication from the Condominium Conversion Approach than the indications from the other two approaches, as the condominium market is relatively strong at present.

On the basis of these considerations, we estimate that the Market Value of the Fee Simple Estate in the subject property, "as is," expressed as cash to the seller in a hypothetical transaction, as of July 21, 2003 is Eighteen Million Eight Hundred Thousand U.S. Dollars (\$18,800,000.).

The value reported above is the appraisers' estimate of the most probable selling price for the subject property, presuming a sale on this appraisal's effective date. An exposure time of six months to one year before the date of valuation would likely have been required to achieve the reported price. To produce a sale after a marketing period commencing on this appraisal's effective date, a similar marketing period of six months to one year would likely be required, presuming that the market remains substantially the same as it has been in recent months. If the market continues to appreciate at the current rate of 12% per year, a higher price of \$20,490,000 is likely after a nine-month marketing period.

The value estimate is best understood as the most probable selling price for the subject property within a range of potential selling prices. Valuations of single-family houses, where there are large numbers of similar, competitive properties, large numbers of buyers, and a relatively efficient market, can be made with high confidence of a selling price near the value estimate (often, 90% confidence within 2% to 3% of the value estimate). Valuations of commercial property, where markets are smaller and the data less consistent, produce similar confidence only over a broader range. The 68% confidence interval for the subject property is likely a range within about 6% of the value as estimated here.

This appraisal report is prepared at the request of Mr. Peter Tropeano. The function is for valuation of an asset for internal planning purposes. The intended users of this report are parties involved in the estate planning. This is a Complete Appraisal that includes a complete investigation of the subject property, its market, and its highest and best use. All of the methods of valuation appropriate to the property have been applied. The investigation of market data is consistent with the requirements for a Complete Appraisal. The results of the appraisal are presented in a Summary Report, in letter format. The information necessary for the completion of a bound, Self-Contained Report is retained in the files of this office.

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The appraisers are experienced in the valuation of apartments in Eastern New England and are competent to perform this assignment.

To the knowledge of the appraisers, for the past three years, the subject property has not been marketed for sale, placed under agreement for sale, or sold.

William T. Whiting, Jr. inspected the property on July 21, 2003, in the company of Peter Tropeano. The appraisers made use of published data surveys, community zoning maps and by-laws and flood plain maps obtained through data services, data from the Registry of Deeds and the Assessor's office, conversations with brokers and parties involved in transactions, and information supplied by the client, including unit plans, a June, 2003 rent roll, and expense reports for years 2000, 2001, and 2002.

We certify that, to the best of our knowledge and belief:

- the statements of fact contained in this report are true and correct;
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions and conclusions;
- we have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved;
- we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- our engagement in this assignment was not contingent upon developing or reporting predetermined results;
- our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal;
- our analyses, opinions, and conclusions were developed and this report has been prepared in conformity with the *Uniform Standards of Professional Appraisal Practice*;
- William T. Whiting, Jr. made a personal inspection of the property that is the subject of this report;
- and no one provided significant real property appraisal assistance to the persons signing this certification.

As of the date of this report, I, Eric T. Reenstierna, have completed the continuing education program of the Appraisal Institute.

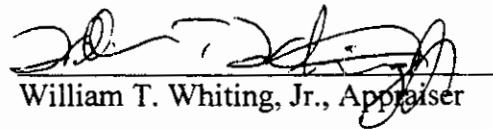
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In our opinion, the Market Value of the Fee Simple Estate in the subject property, "as is," expressed as cash to the seller in a hypothetical transfer, as of July 21, 2003, is Eighteen Million Eight Hundred Thousand U.S. Dollars (\$18,800,000.).

If we may be of any further service to you, please do not hesitate to call.



William T. Whiting, Jr., Appraiser



Eric T. Reenstierna, MAI
Mass. Cert. Gen. R.E. Appraiser #343

Assumptions and Limiting Conditions

An appraisal is an unbiased estimate of the value of a property reached through an analysis of that property and of data from the marketplace. An appraisal is not a certification of the soundness of a building, a survey, or a legal document (for instance, a title examination), though assumptions regarding these and other matters are made. Among the major assumptions and limiting conditions of this appraisal are those that follow.

1. This is a Complete Appraisal. The appraisers have applied all standard methods of analysis that are appropriate to the subject property and have performed research and analyses consistent with the standards for a Complete Appraisal
2. This is a Summary Report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Summary Report. As such, it may or may not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraisers' opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraisers' file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraisers are not responsible for unauthorized use of this report.

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3. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
4. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.
5. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
6. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
7. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
8. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
9. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.
10. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this appraisal report.
11. It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.
12. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.
13. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.

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14. The appraisers are not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraisers that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The appraisers' value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions or for any expertise or engineering knowledge required to discover them. The appraisers' descriptions and resulting comments are the result of the routine observations made during the appraisal process.
15. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine whether the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility. It is assumed that the subject may be used as described without adoption of any further program for compliance other than such programs as may be specified here.
16. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with submitted plans and specifications.
17. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
18. This report may not be used for any purpose by any person other than the party to whom it is addressed (or the parties listed as intended users in the Scope of Assignment section of this report, for the function specified) without the written consent of the appraisers and, in any event, only with proper written qualification and only in its entirety. The report is not for use by parties not listed as intended users or for functions other than those specified in the Scope.
19. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or the firm with which the appraisers are connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the appraisers.

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Lexington, Massachusetts

20. If an income analysis is part of this appraisal, the projections of future cash flow and resale value are intended only to reflect the thinking of a typical investor, as modeled by the appraisers, as of the appraisal's effective date and are not meant as any form of guarantee that such cash flow will actually be achieved or as the appraisers' personal opinion regarding the likelihood of future events. No analysis of future value or future cash flow is undertaken here other than that explicitly described in the text.
21. Unless otherwise stated, this appraisal takes no account of the potential for a higher price for the subject than that available on the general market that may result from buyers such as abutters who may gain special benefits from acquisition. Discovery of the identity, motivation, and purchasing power of parties in a position to gain special benefits requires information not publicly available and is beyond the scope of this appraisal.

550

CAPTAIN PARKER ARMS REALTY TRUST

SEPTEMBER 2003

DOLBEN

**CAPTAIN PARKER ARMS REALTY TRUST
FINANCIAL STATEMENTS
SEPTEMBER 2003**

ENTITY: 0550	Captain Parker Arms Realty Tru Balance Sheet	Page: 1
	September 30, 2003	Date: 10/8/03
Accrual		Time: 11:00 AM
		User ID: PAG

ASSETS**CURRENT ASSETS**

Operating Cash	138,711.80
Accounts Receivable - Residents	51,622.50
Prepaid Expenses	7,162.28
<hr/>	
Total Current Assets	197,496.58

RESTRICTED ASSETS

Security Deposit Escrow	103,235.00
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Total Restricted Assets	103,235.00
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LAND, BUILDING & EQUIPMENT

Furniture, Fixtures & Equipment	1,120.00
<hr/>	

Total Land, Building & Equipment	1,120.00
<hr/>	

Total Land, Building & Equipment	1,120.00
<hr/>	

Total Assets	301,851.58
<hr/>	

ENTITY: 0550	Captain Parker Arms Realty Tru Balance Sheet	Page: 2
		Date: 10/8/03
	September 30, 2003	Time: 11:00 AM
Accrual		User ID: PAG

LIABILITIES AND EQUITY

CURRENT LIABILITIES

Accrued Expense	49,597.39
Accrued Interest	11,887.92
Tenant Security Deposits	103,235.00
Last Month Rent	1,700.00
Prepaid Rents & Charges	74,414.00
<hr/>	
Total Current Liabilities	240,834.31

MORTGAGE AND LOANS PAYABLE

First Mortgage	2,540,169.24
Second Mortgage	698,726.15
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Total Mortgages and Loans Payable	3,238,895.39
<hr/>	

TOTAL LIABILITIES	3,479,729.70
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EQUITY

Capital Accounts	(3,277,089.27)
Current Year Income (Loss)	99,211.15
<hr/>	
Total Equity	(3,177,878.12)
<hr/>	

TOTAL LIABILITIES AND EQUITY	301,851.58
<hr/>	

		Captain Parker Arms Realty Tru		1	
		Budget Operating Report		10/8/03	
		For the Period Ending September 30, 2003		11:01 AM	
		Userid: PAG			
ENTITY:	0550	Actual	Current Period	Year-To-Date	Annual Budget
		09/03	Budget	Budget	\$
			\$	\$	%
INCOME					
GROSS POTENTIAL RENT					
G.P.R. Apartments		156,400.00	0.00	156,400.00	0.00%
Loss/Gain to Lease		(18,381.00)	0.00	(18,381.00)	0.00%
TOTAL GROSS POTENTIAL		138,019.00	0.00	138,019.00	
VACANCY & CONCESSIONS					
Vacancy Apartments		(4,723.99)	0.00	(4,723.99)	0.00%
Tenant Concessions		1,350.00	0.00	1,350.00	0.00%
Office,Model/Empl. Conc.		(2,700.00)	0.00	(2,700.00)	0.00%
TOTAL VACANCY & CONCESSIONS		(6,073.99)	0.00	(6,073.99)	
OTHER INCOME					
Application Fees		0.00	0.00	0.00%	75.00
TOTAL OTHER INCOME		0.00	0.00		75.00
TOTAL INCOME FROM OPERATIONS		131,945.01	0.00	131,945.01	
FINANCIAL INCOME					
Interest Income Sec. Dep.		6.23	0.00	6.23	0.00%
TOTAL FINANCIAL INCOME		6.23	0.00	6.23	
TOTAL INCOME		131,951.24	0.00	131,951.24	
EXPENSE					
RENTING EXPENSE		0.00	0.00	0.00%	600.00
Advertising					(600.00)

ENTITY: 0550

**Captain Parker Arms Realty Trust
Budget Operating Report
For the Period Ending September 30, 2003**

ENTITY:	0550	Captain Parker Arms Realty Tru						Page: 2		
		Budget Operating Report						10/8/03		
For the Period Ending September 30, 2003						Time: 11:01 AM		Userid: PAG		
Accrual										
		Actual 09/03	Current Period Budget 09/03	\$	Variance %	Actual	Year-To-Date Budget	\$	Variance %	
TOTAL RENTING EXPENSE		0.00	0.00	0.00		600.00	0.00	(600.00)	0	
ADMINISTRATIVE EXPENSE										
Office Payroll	3,974.24	0.00	(3,974.24)	0.00%	7,028.09	0.00	(7,028.09)	0.00%	0	
Office Expense	180.56	0.00	(180.56)	0.00%	180.56	0.00	(180.56)	0.00%	0	
Management Fee	4,940.97	0.00	(4,940.97)	0.00%	10,528.12	0.00	(10,528.12)	0.00%	0	
Telephone & Answering Ser	967.38	0.00	(967.38)	0.00%	1,782.36	0.00	(1,782.36)	0.00%	0	
Misc. Administrative	309.50	0.00	(309.50)	0.00%	309.50	0.00	(309.50)	0.00%	0	
TOTAL ADMINISTRATIVE EXPENSE	10,372.65	0.00	(10,372.65)		19,828.63	0.00	(19,828.63)		0	
UTILITY EXPENSE										
Electricity Common	4,282.88	0.00	(4,282.88)	0.00%	9,112.88	0.00	(9,112.88)	0.00%	0	
Electricity Tenant/Vacant	7.76	0.00	(7.76)	0.00%	7.76	0.00	(7.76)	0.00%	0	
Water/Sewer Expense	4,890.00	0.00	(4,890.00)	0.00%	29,992.00	0.00	(29,992.00)	0.00%	0	
Gas Heat Common	2,753.64	0.00	(2,753.64)	0.00%	13,303.64	0.00	(13,303.64)	0.00%	0	
TOTAL UTILITY EXPENSE	11,934.28	0.00	(11,934.28)		52,416.28	0.00	(52,416.28)		0	
MAINTENANCE & OPERATIONS										
Maintenance Pay	3,086.50	0.00	(3,086.50)	0.00%	5,589.00	0.00	(5,589.00)	0.00%	0	
Maint Temp Expense	545.14	0.00	(545.14)	0.00%	2,984.14	0.00	(2,984.14)	0.00%	0	
Trash Removal	806.25	0.00	(806.25)	0.00%	2,091.25	0.00	(2,091.25)	0.00%	0	
Life Safety Expense	(68.20)	0.00	68.20	0.00%	581.80	0.00	(581.80)	0.00%	0	
Landscaping Contract	4,881.90	0.00	(4,881.90)	0.00%	10,163.90	0.00	(10,163.90)	0.00%	0	
HVAC Repair	6.80	0.00	(6.80)	0.00%	306.80	0.00	(306.80)	0.00%	0	
Electrical Repair	303.25	0.00	(303.25)	0.00%	303.25	0.00	(303.25)	0.00%	0	
Plumbing Repair	285.00	0.00	(285.00)	0.00%	285.00	0.00	(285.00)	0.00%	0	
Misc Operating & Maint	249.90	0.00	(249.90)	0.00%	249.90	0.00	(249.90)	0.00%	0	
TOTAL MAINTENANCE & OPERATIONS	10,096.54	0.00	(10,096.54)		22,555.04	0.00	(22,555.04)		0	
TURNOVER EXPENSE										
Unit Painting	151.10	0.00	(151.10)	0.00%	151.10	0.00	(151.10)	0.00%	0	
TOTAL TURNOVER EXPENSE	151.10	0.00	(151.10)		151.10	0.00	(151.10)		0	

ENTITY: 0550		Captain Parker Arms Realty Tru Budget Operating Report For the Period Ending September 30, 2003			Page: 3 Date: 10/8/03 Time: 11:01 AM Userid: PAG			
Accrual		Actual 09/03	Current Period Budget 09/03	Variance \$	Actual	Year-To-Date Budget	Variance \$	Annual Budget
		%	%		%		%	
R/E & P/R TAXES, INSURANCE & OTHER								
Payroll Tax	829.59	0.00	(829.59)	0.00%	1,497.40	0.00	(1,497.40)	0.00%
Workers' Comp Insurance	56.80	0.00	(56.80)	0.00%	154.80	0.00	(154.80)	0.00%
TOTAL R/E & P/R TAX, INS. & OTHER	886.39	0.00	(886.39)		1,652.20	0.00	(1,652.20)	
TOTAL OPERATING EXPENSE	33,440.96	0.00	(33,440.96)		97,203.25	0.00	(97,203.25)	
NET OPERATING INCOME	98,510.28	0.00	98,510.28		143,208.36	0.00	143,208.36	
FINANCIAL EXPENSES								
Interest First Mortgage	9,856.48	0.00	(9,856.48)	0.00%	34,176.04	0.00	(34,176.04)	0.00%
Interest Second Mortgage	2,031.44	0.00	(2,031.44)	0.00%	9,821.17	0.00	(9,821.17)	0.00%
TOTAL FINANCIAL EXPENSES	11,887.92	0.00	(11,887.92)		43,997.21	0.00	(43,997.21)	
NET TAXABLE INCOME	86,622.36	0.00	86,622.36		99,211.15	0.00	99,211.15	0
NET INCOME (LOSS)	86,622.36	0.00	86,622.36		99,211.15	0.00	99,211.15	0